

Stable fourth quarter marking the end of a challenging year

Fourth quarter 2023 (October – December)

- Total revenues amounted to SEK 61.3 (72.2) million, a decrease of 15.0 %. Net sales amounted to SEK 56.3 (61.3) million. Adjusted for the currency effect, net sales decreased by 9 %.
- Operating loss amounted to SEK 23.8 (13.3) million, an increase of SEK 10.5 million.
- EBITDA amounted to SEK -4.2 (-1.1) million.
- Net loss for the period amounted to SEK 27.2 (14.2) million.
- Loss per share, before and after dilution¹, amounted to SEK 0.78 (0.40).
- Cash flow from operating activities amounted to SEK 10.1 (7.0) million, corresponding to SEK 0.29 (0.20) per share.
- New financial targets for 2028: Net sales SEK 1.000 million, EBITDA SEK 500 million.

Key events during the quarter

- Announced a sharpened strategy with full focus on license business and phasing out the BIP portfolio.
- Stefan Grass, CMO announced that he is leaving Bactiguard.
- A study on the anti-thrombotic effect of Bactiguard's coating (by Bactiguard, KTH and Karolinska Institutet) was published in Scientific Reports.
- New financial targets for 2028: Net sales SEK 1.000 million, EBITDA SEK 500 million.
- Patrick Bach appointed CFO.
- Announced strengthened relationship with Beckton Dickinson (BD), with an interim agreement granting BD exclusive global license (excluding China) for Foleys with Bactiguard's coating.

The period January – December 2023

- Total revenues amounted to SEK 223.2 (253.5) million, a decrease of 12.0 %. Net sales amounted to SEK 201.5 (223.6) million. Adjusted for the currency effect, net sales decreased by 13 %.
- Operating loss amounted to SEK 131.9 (55.7) million, an increase of SEK 76.3 million, SEK 42 million of the operating loss are due to the Q2 provision.
- EBITDA amounted to SEK -76.1 (-6.4) million, SEK 42 million of which are due to the Q2 provision.
- Net loss for the period amounted to SEK 138.4 (52.9) million.
- Loss per share, before and after dilution¹, amounted to SEK 3.95 (1.51).
- Cash flow from operating activities amounted to SEK -52.3 (3.1) million, corresponding to SEK -1.49 (0.09) per share.

Key events after the end of the quarter

- Christine Lind appointed new CEO and joins Bactiguard at the beginning of May 2024.
- Agreement with Dentsply Sirona not to pursue the application development project further due to changed priorities at Dentsply Sirona.
- Hydrocyn aqua received approval from the Central Drugs Standard Control Organization (CDSCO) to start commercialization in India.

Key figures	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Full year	Full year
Revenues ¹ ,SEKm	61.3	72.2	223.2	253.5
Operating profit/loss ¹ ,SEKm	-23.8	-13.3	-131.9	-55.7
EBITDA ² ,SEKm	-4.2	-1.1	-76.1	-6.4
EBITDA margin ² ,%	-6.9	-1.5	-34.1	-2.5
Net profit/loss for the period ¹ ,SEKm	-27.2	-14.2	-138.4	-52.9
Earnings per share ¹ ,SEK	-0.78	-0.40	-3.95	-1.51
Cash flow from operating activities ¹ ,SEKm	10.1	7.0	-52.3	3.1
Cash flow from operating activities, per share ² ,SEK	0.29	0.20	-1.49	0.09
Equity ratio ² ,%	53.3	61.4	53.3	61.4
Net debt ² ,SEKm	109.9	41.0	109.9	41.0

¹ Defined according to IFRS. ² Alternative performance measure. For definition and reconciliation, see pages 18-19.



CEO statement

Year-end report 2023: Stable fourth quarter marking the end of a challenging year

Revenues for Q4 2023 amounted to SEK 61 million, a decrease of 15 percent compared to Q4 2022. Total revenues for 2023 came in at SEK 223 million, a decrease of 12 percent (2022: SEK 253 million). EBITDA for Q4 2023 amounted to SEK -4 million (Q4 2022: SEK -1 million) which was in line with expectations given the new strategy and phasing out of the BIP portfolio. For the full-year 2023, EBITDA was SEK -76 million (2022: SEK -6 million). Costs for Q4 amounted to SEK 85 million (Q4 2022: SEK 85 million) and for the full-year 2023, SEK 355 million (2022: SEK 309 million) which includes the SEK 42 million provision from the July 2023 profit warning.

A year of fundamental change

2023 was a year of fundamental change; change in terms of a sharpened strategy with focus on the licensing business and phasing out of the non-profitable BIP portfolio (i. e. the Bactiguard coated urinary catheter Foleys, central venous catheters, and endotracheal tubes). And change also in terms of culture and ways of working – Bactiguard, in its entirety, is now geared to evolve into a knowledge and specialist organization. This marks a profound change and is a prerequisite to achieving profitability and reaching our financial targets.

And speaking about change, yesterday evening we announced some really exciting news. Bactiguard has appointed Christine Lind as its new CEO. With her international background, firm experience from our industry combined with her modern, collaborative and executional leadership style, Christine perfectly fits the bill for Bactiguard and our strategy ahead.

For 2023, the BPP (i. e. the Bactiguard Product Portfolio) revenues were SEK 84 million, an increase of 36 percent compared to 2022 which is partly attributable to the “end-of-life” BIP products sales in Q4. As previously stated, with the BIP portfolio fully phased out, the license focused strategy will negatively affect BIP revenues by SEK 25 million on a full-year basis while the yearly savings are anticipated to be over SEK 25 million. Wound Management, now a stand-alone business oriented for growth and profitability, stands for SEK 54 million of the BPP full-year 2023 revenues. This represents an increase of 24 percent compared to 2022, in line with our expectations.

An important first step in the phasing out of BIP products was the strengthened relationship with our license partner Beckton Dickinson (BD), one of the largest global medical technology companies. In Q4, we signed an interim agreement granting BD an exclusive global license (excluding China) for Bactiguard coated Foleys catheters. The handover process is ongoing and has been well-received among distributors and end-users. We expect the extended BD agreement to have a small but positive effect on the 2024 income statement and contribute more substantially over time. In addition, we are in dialogue with both current and potential partners to license out Bactiguard’s technology for the central venous catheters and endotracheal tubes, underpinned by the solid clinical data we have across the BIP portfolio. This will, however, have limited impact on the income statement for 2024.

Our infection prevention technology is our most important asset

The unique infection prevention technology is Bactiguard’s most important asset. During the year, we have increased focus on R&D and strengthened the coating development organization. As a result of the strategic review, all coating and development activities will be performed in Sweden and in Q4, we started building a new lab facility in Markaryd. In addition to host training and technology certification activities, it will be a complementary site for R&D activities and will also be used to set up demo production lines for license partners.

Intellectual property and patents are an integral part of our strategy, and we are continuously monitoring and finetuning our intellectual property portfolio to keep the highest protection standards. Our technology is robustly protected across eight different relevant patent families and notably in 2023, a US patent was granted which can be maintained until 2040.

And to put our technology into an even longer-term perspective, it takes time to get acceptance for change and innovation in our industry. Bactiguard has invested hundreds of millions of SEK in our own coated medical devices over the past decade. Even though the return has not yet been materialized, the solid clinical evidence gathered is the bedrock of Bactiguard’s sharpened strategy and for future license partnerships.



Licensing business the greatest future potential

During Q4, we started to primarily focus our efforts fully on the license business which is where the greatest future potential for Bactiguard lies, both from a profitability and impact perspective. License revenues amounted to SEK 32 million for Q4 which was 31 percent below Q4 2022. Full-year 2023, license revenues came in at SEK 117 million, a decrease of 27 percent compared to 2022. Q4 2022 in particular was a record quarter in our partnership with BD, who at the time was building up stock levels which were then adjusted during 2023. These adjustments are the main reason for the license revenue decrease in 2023. In Q4 2023, BD were back at pre-covid-19 levels.

Zooming in on Zimmer Biomet, we see continued roll-out across Europe with increasing sales in both existing and new European markets. In addition, a launch in Japan is expected in July 2024 and after that, Zimmer Biomet will offer Bactiguard coated products in markets representing around 50 percent of their trauma sales. As reported in Q3, it is our best guess that Zimmer Biomet obtains FDA approval early 2026. Worth noting, though, is that around 50 percent of Zimmer Biomet's trauma offering is outside the US.

On Dentsply Sirona, we have agreed not to pursue the application development project further due to changed priorities at Dentsply Sirona. We are already in dialogue with other leading dental organizations and there is a continued strong interest thanks to clinical evidence supporting the efficacy of the coating technology in the oral cavity space.

From 2024, our revenues will be reported in three stages of partnerships: application development partners, exclusivity partners and license partners. We will communicate signed partnerships in the two latter stages, as this is where the revenue generation kicks in. With the new strategy, Bactiguard's revenues and margins are expected to increase significantly, and we are committed to reach the financial targets set in October 2023.

Outlook – global healthcare issues as pressing as ever

As we gaze ahead, I am confident with our ability to grasp the vast opportunities in meeting unmet medical needs – the global societal challenges, including healthcare-associated infections and antimicrobial resistance, are as pressing as ever. With the political unrest and natural disasters across the globe, the need for safe medical devices in crisis situations becomes painfully obvious. We see early indications of a significant change with increased interest and demand from state defense related organizations as well as NGOs. To reiterate what I have said many times before, to mitigate the risks associated with biofilm formation, medical devices intended to stay in the body for more than two days should be coated. And Bactiguard has the solution, a safe and biocompatible coating technology making it simple to avoid medical device related infections. By joining forces with leading MedTech partners, I am convinced that our infection prevention technology will become the global standard of care, as stated in our vision.

In June 2024, Bactiguard has been listed on Nasdaq Stockholm for ten years – looking back, ten years with an array of opportunities and challenges as well as cheers and setbacks. One thing has been constant – a strong determination to make a positive impact on healthcare and for the wellbeing of patients around the world. In the anniversary spirit, we are opening a new office centrally located in Stockholm, for easier partner interaction and talent attraction.

I would like to conclude 2023 by extending my deepest appreciation to investors, partners, and employees for your trust and dedication. I would also like to take the opportunity to welcome Christine onboard – looking forward to unleashing the true potential of our unique technology together!

Thomas von Koch

CEO



Business model

Bactiguard is a global MedTech-company which develops secure and biocompatible technologies and solutions which prevent infections linked to medical equipment. The company's unique technology is based on an ultra-thin layer of noble metals which prevents microbes from forming bio film on medical devices. Bactiguard's infection-preventing solutions decrease patients' suffering, save lives and free up medical resources. They also fight antimicrobial resistance – one of the most serious threats to global health and modern medicine.

During 2023, Bactiguard sharpened its strategy to focus fully on the licensing business, operating through license partnerships with leading global MedTech companies. The company also has a portfolio of Wound Management products.

License revenue

- Recurring license revenue (formerly called license revenue) involves the sale of the concentrate, royalty (that is a variable payment that is earned once the products are sold on the market) and revenue linked to licensed production.
- Non-recurring license revenue (formerly called new license revenue) includes mainly initial license fees, exclusivity fees, milestones, and product development fees.

License partner	Applicatiois area	Market*
Becton Dickinson and Company (BD)	Urinal catheters (Foley)	Global excl. China
Zimmer Biomet	Trauma implants	Global excl. Southeast Asia, China, India, and South Korea
Zimmer Biomet	Ortopedic implants	Global excl. Southeast Asia, China, India, and South Korea.
Well Lead Medical	Urinal catheters, ETTs and CVCs	China
Smartwise	Advanced vascular injection catheters	Global

**Black: With approved products on these markets, Green = rights*

Bactiguard Product Portfolio - BPP

The company also has a portfolio of wound management products consisting of Hydrocyn aqua and Hydrocyn aqua gel, surgical sutures, and dressings, as well as a portfolio of coated products for infection prevention, BIP. During the fourth quarter 2023 it was decided to discontinue the BIP-portfolio that until then consisted of products for urinary-, blood-, and airways.

Development in the fourth quarter

Revenue

SEKm	2023	2022
	Oct-Dec	Oct-Dec
Recurring license revenues	29.5	39.9
Non-recurring license revenues	2.6	6.5
BPP revenues	24.1	14.9
Net sales	56.3	61.3
Other revenues	5.1	10.9
Total revenues	61.3	72.2

Total revenue for the fourth quarter amounted to SEK 61.3 (72.2) million, a decrease of SEK 10.8 million, or 15.0 percent. Adjusted for the positive currency effect of SEK 0.4 million, revenue decreased by 15.5 percent. Net sales amounted to SEK 56.3 (61.3) million, corresponding to a decrease of 8.2 percent. Adjusted for the positive currency effect of SEK 0.4 million, net sales decreased by 9 percent.

Recurring license revenue amounted to SEK 29.5 (39.9) million, a decrease of 25.9 percent, with and without currency effect. Revenues from BD amounted to SEK 29.1 (38.9) million, which is a decrease of 25.1 percent compared with the same quarter 2022. Other recurring licensing revenues are primarily related to the standard royalty and revenue from the contractual manufacturing that Bactiguard carries out for Zimmer Biomet. In total they amounted to SEK 0.4 (1.0) million.

Non-recurring license revenues for the fourth quarter amounted to SEK 2.6 (6.5) million. The revenue is primarily related to exclusivity rights attributable to the collaboration with Zimmer Biomet, which was signed in 2022.

BPP sales for the fourth quarter amounted to SEK 24.1 (14.9) million, an increase of SEK 9.1 million, corresponding to an increase of 61.2 percent. Adjusted for currency effects of SEK 0.5 million, sales increased by 58 percent. Sales of Wound Management show continued strong growth on all targeted markets. The BIP portfolio also had a good quarter and strong growth, mainly due to the portfolio's end-of-life sales.

Other revenue amounted to SEK 5.1 (10.9) million, of which SEK 2.8 (7.7) million pertained to currency effects.

Results

Costs for raw materials and consumables for the fourth quarter amounted to SEK -15.7 (-13.4) million. Other external costs amounted to SEK -22.0 (-20.7) million, an increase of SEK 1.3 million, corresponding to a cost increase of 6.0 percent. The increase is mainly attributable to increasing costs for consultants. Costs for personnel amounted to SEK -25.0 (-32.3) million, a decrease of SEK 7.3 million, corresponding to 23 percent. Other operating expenses are related to currency exchange losses/gains, which amounted to SEK -3.1 (-8.3) million.

The operating loss amounted to SEK 23.8 (13.3) million. EBITDA for the fourth quarter amounted to SEK -4.2 (-1.1) million and the EBITDA margin was -6.9 percent (-1.5).

Depreciation impacted operating loss by SEK -19.5 (-12.2) million. Amortization of intangible assets amounted to SEK -14.7 (-8.6) million, attributable primarily to amortization of SEK -6.4 (-6.4) million related to Bactiguard's technology. The increase is mainly attributable to development costs for BIP-products. Depreciation of fixed assets amounted to SEK -4.9 (-3.6) million, primarily attributable to depreciation on leasing of SEK -2.8 (-2.7) million.

Financial items amounted to SEK -7.2 (-3.3) million, where SEK 5.2 (1.2) million pertained to interest income and SEK -3.6 (-2.6) million pertained to interest expenses. The remaining amount of SEK -8.9 (-1.8) million pertained to other financial expenses – mainly exchange-rate effects.

Tax for the period amounted to SEK 3.8 (2.4) million, of which a change in deferred tax amounted to SEK 4.1 (1.6) million attributable to the intangible assets and leases, which is calculated at the Swedish tax rate of 20.6 percent. Income tax in foreign subsidiaries is calculated on the basis of a tax rate of 24.0 percent.

Net loss for the fourth quarter of 2023 amounted to SEK 27.2 (14.2) million.

Development during the period January to December

Revenue

SEKm	2023	2022
	Jan-Dec	Jan-Dec
Recurring license revenues	104.3	139.4
Non-recurring license revenues	12.9	22.0
BPP revenues	84.4	62.2
Net sales	201.5	223.6
Other revenues	21.6	29.9
Total revenues	223.2	253.5

The Group's revenues for the period January to December 2023 amounted to SEK 223.2 (253.5) million, a decrease of SEK 30.3 million, corresponding to 12.0 percent. Net sales amounted to SEK 201.5 (223.6) million, and hence decreased with SEK 22.0 million which correspond to 9.8 percent. Adjusted for the positive currency effect of SEK 8.0 million, net sales decreased by 13 percent.

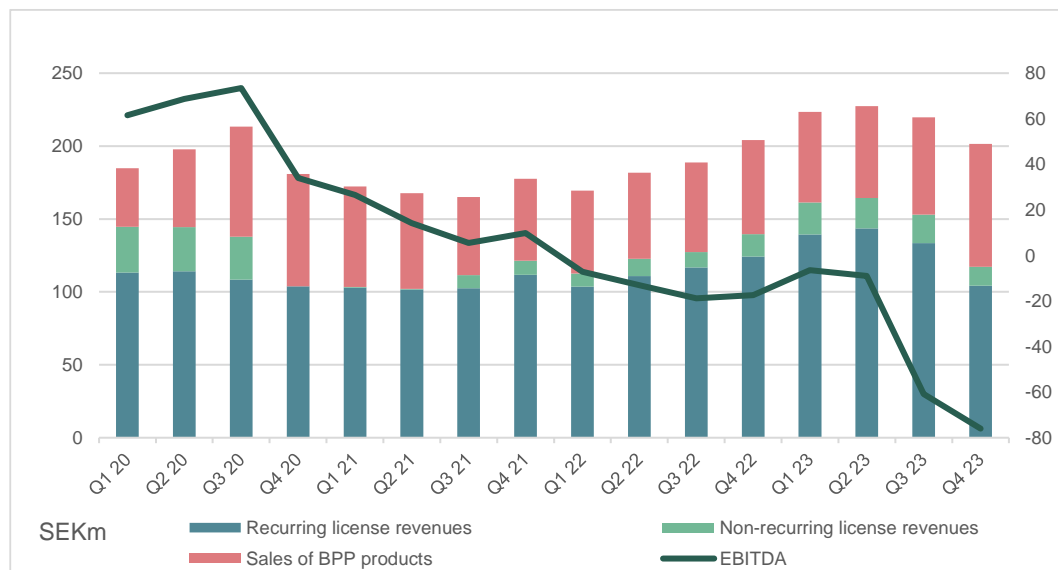
Recurring license revenue for the period amounted to SEK 104.3 (139.4) million. After taking the currency effects of SEK 4.4 million into account the revenue decreased with 28 percent. Revenues to BD for the same period amounted to SEK 93.1 (133.9) million, which correspond to a decrease of SEK 40.8 million or with 30.5 percent. Exchange rate have positively affected BD revenue by SEK 3.0 million and excluding this effect the revenue decreased 39 percent. Revenue from contract manufacturing and royalty for Zimmer Biomet amounted to SEK 11.2 (5.6) million.

Non-recurring license revenue for the period January to December was SEK 12.9 (22.0) million, a decrease of SEK 9.1 million, corresponding to 41.4 percent. Adjusted for a currency effect of SEK 0,6 million revenue decreased by 44 percent. Non-recurring license revenues are primarily related to project revenues and exclusivity revenues for the agreement signed last year with Zimmer Biomet and development revenues for the agreement with Dentsply Sirona, where the decrease compared to last year primarily is attributable to the regulatory revenue that was received last year from Zimmer Biomet.

BPP revenue for the period amounted to 84.4 (62.2) SEK million, an increase of SEK 22.2 million, corresponding to a growth of 35.7 percent. Adjusted for currency effects of SEK 3.0 million the growth was 31 percent. The revenue increase is primarily attributable to the BIP portfolio and sutures.

Other revenue amounted to SEK 21.6 (29.9) million, of which SEK 12.4 (21.5) million pertained to currency effects. The remaining revenue primarily relates to rent income.

Revenue development, rolling 12 months



The chart shows how revenues for each type of revenue stream have developed over a rolling 12 months period per quarter.

Results

Costs of raw materials and consumables for the period amounted to SEK -65.6 (-47.8) million, an increase of SEK 17.7 million, corresponding to a cost increase of 37.0 percent. SEK 14.8 million is attributable to the accrual the company made in the second quarter for write-downs of inventory and project-related material purchases. Other external costs amounted to SEK -97.9 (-83.2) million, an increase of SEK 14.6 million, corresponding to a cost increase of 17.6 percent, SEK 9.7 million is attributable to the Q2 accrual which was primarily due to a stricter reassessment of the provisions for trade receivables. Other cost increases are mainly explained by increased travel and consulting costs. Costs for personnel amounted to SEK -123.5 (-105.1) million, an increase of SEK 18.4 million, or 17.5 percent, of which SEK 17.2 million is attributable to the Q2 accrual which was due to reassessments regarding project costs for the Zimmer Biomet contract signed in 2019 and restructuring costs for rendering the operations more efficient and attaining profitability. Other operating expenses for the period are mainly attributable to exchange rate losses.

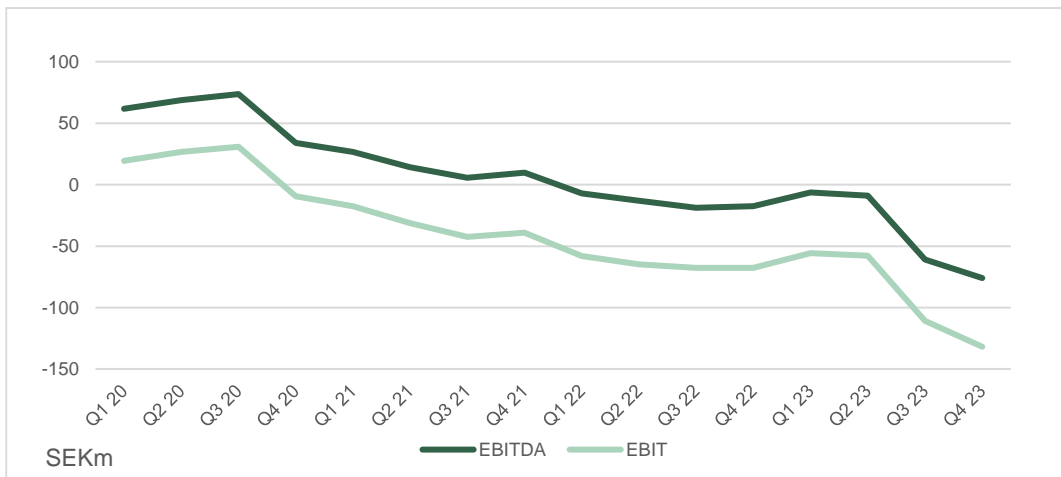
Operating loss for the period January to December amounted to SEK -131.9 (-55.7) million. EBITDA for the period January to December was SEK -76.1 (-6.4) million, corresponding to an EBITDA margin of -34.1 percent (-2.5). Depreciation/amortization impacted operating loss by SEK -55.9 (-49.2) million. Amortization of intangible assets amounted to SEK -39.6 (-34.9) million, where the largest item comprised of amortization relating to Bactiguard's technology of SEK -25.4 (-25.4) million. Depreciation of fixed assets amounted to SEK -16.3 (-14.4) million, attributable primarily to depreciation of leases totaling SEK -11.3 (-10.6) million.

Net financial items amounted to SEK -15.2 (-4.2) million, where SEK 5.2 (1.2) million pertained to interest income and SEK -13.5 (-8.7) million pertained to interest expenses. The remaining SEK -6.9 (3.3) million pertained to other financial expenses – mainly exchange rate effects.

Tax for the period amounted to SEK 8.8 (7.0) million. Of the tax for the period, SEK 8.9 (7.0) million refers to a change in deferred tax attributable to the intangible assets and leasing agreements, which is calculated at the Swedish tax rate of 20.6 percent. Income tax in foreign subsidiaries is calculated on the basis of a tax rate of 24.0 percent.

Net profit/loss for the period amounted to SEK -138.4 (-52.9) million.

Operating profit/loss, rolling 12 months



The diagram shows how the result has developed during a rolling 12 months period per quarter.

The positive development of EBITDA in 2019 and the beginning of 2020 was an effect of good revenue development attributable to new license agreements, growth in BPP sales and the acquisition of Vigilenz. During the pandemic, earnings were negatively impacted as regular healthcare activities decreased in favor of covid-19 efforts, which also affected the focus and prioritization of potential license partners.

In 2022 Bactiguard had a strong revenue growth while investments in business development, regulatory expertise and delivery capacity increased in accordance with the focused growth strategy presented in the first quarter of 2022. This had a negative impact on earnings for 2022. The accrual made in the second quarter of 2023 together with the investments in the organization, primarily in license and coating development, very focused on the US, and the reduced revenues from BD imply that profitability has not yet been reached.

In the fourth quarter 2023 a new strategy was announced which implied the phasing out of the BIP portfolio and an increased focus on the license business. This will contribute to a long-term profitable business.

Financial targets

The company's financial targets were updated in October 2023 and relates to growth and profitability, to be delivered by year-end 2028.

Growth

Net sales in excess of SEK 1,000 million.

Profitability

EBITDA of SEK 500 million.

Other

10 application areas in license partnership with products in the market.

The updated financial targets are anticipated to be achieved following a capacity- and competence-building within Bactiguard's licensing business and with the assumption that the license business and partnerships evolve accordingly. The transformation of Bactiguard will impact the income statement over the coming six months, but profitability is expected to be achieved during 2024.

Cash flow

Cash flow from operating activities for the quarter amounted to SEK 10.1 (7.0) million and for the period January to December to SEK -52.3 (3.1) million. Cash flow from changes in working capital was SEK 23.9 (5.6) million for the quarter and SEK 29.3 (13.5) million for the period January to December. Cash flow from investing activities amounted to SEK -6.0 (-3.9) million for the quarter and SEK -8.6 (-10.9) million for the period January to December. Cash flow from financing activities for the quarter amounted to SEK -3.8 (-4.9) million and for the period January to December to SEK -11.8 (-13.9) million.

Cash flow for the quarter amounted to SEK 0.2 (-1.8) million and SEK -72.8 (-21.7) million for the period January to December. Cash and cash equivalents at the end of the period of 31 December 2023 amounted to SEK 123.2 (197.7) million.

Financial position

Equity on 31 December 2023 amounted to SEK 353.2 (495.7) million and net debt to SEK 109.9 (41.0) million.

The parent company has a credit facility with SEB with a term until December 2024. 31 December 2023 that credit facility amounted to SEK 171 (171) million. As of 31 December 2023, the overdraft facility from SEB of SEK 30 million was unutilized. Foreign subsidiaries had credit facilities amounting to SEK 3.3 (9.7) million as of 31 December 2023. Total assets 31 December 2023 amounted to SEK 662.2 (807.7) million.

Other information

The share and share capital

Bactiguard's B share is listed on Nasdaq Stockholm with the short name "BACTI". The closing price paid for the B share was SEK 61.8 (110.4) on 31 December 2023 and the market capitalization amounted to SEK 1,863 (3,869) million.

The share capital in Bactiguard on 31 December 2023 amounted to SEK 0.9 (0.9) million divided into 31,043,885 Class B shares with one vote each (31,043,885 votes) and 4,000,000 Class A shares with ten votes each (40,000,000 votes). The total number of shares and votes in Bactiguard on 31 December 2023 was 35,043,885 shares and 71,043,885 votes.

Dividend

The Board of Directors will propose to the Annual General Meeting that no dividend is paid for 2023.

General meeting

The 2024 Annual General Meeting will take place on Tuesday 14 May 2024.

Ownership

Shareholders	No. of A shares	No. of B shares	Total number	% of capital	% of votes
Thomas von Koch and company	2,000,000	4,604,182	6,604,182	18.9	34.6
Christian Kinch with family and company	2,000,000	4,180,321	6,180,321	17.6	34.0
Jan Ståhlberg		3,605,150	3,605,150	10.3	5.1
Nordea Investment Funds		3,469,987	3,469,987	9.9	4.9
Fjärde AP-fonden		3,370,992	3,370,992	9.6	4.8
Handelsbanken Fonder		1,965,067	1,965,067	5.6	2.8
AMF - försäkring och fonder		1,706,340	1,706,340	4.9	2.4
SEB Life International Assurance (of which 1,595,384 relates to capital insurance for companies controlled by Thomas von Koch)		1,686,075	1,686,075	4.8	2.4
Avanza Pension		1,082,782	1,082,782	3.1	1.5
Lancelot Avalon Master		490,000	490,000	1.4	0.7
Total, major shareholders	4,000,000	26,160,896	30,160,896	86.1	93.2
Total, others		4,882,989	4,882,989	13.9	6.8
Total number of shares	4,000,000	31,043,885	35,043,885	100.0	100.0

* Part of Thomas von Kochs holdings can be found in SEB Life, see table above, note that these do not have voting rights.

Per 31 December 2023 Bactiguard had 3,441 (3,631) shareholders.

Employees

Full-time positions in the Group during the period January to December counted to 217 (199) of which 133 (113) were women. On 31 December 2023, the number of full-time employees was 205.

Key events during the quarter

Announced a sharpened strategy with full focus on license business and phasing out the BIP portfolio.

Stefan Grass, CMO announced that he is leaving Bactiguard.

A study on the anti-thrombotic effect of Bactiguard's coating (by Bactiguard, KTH and Karolinska Institutet) was published in Scientific Reports.

New financial targets for 2028: Net sales SEK 1.000 million, EBITDA SEK 500 million.

Patrick Bach appointed CFO.

Announced strengthened relationship with Beckton Dickinson (BD), with an interim agreement granting BD exclusive global license (excluding China) for Foleys with Bactiguard's coating.

Key events after the end of the quarter

Christine Lind appointed new CEO and joins Bactiguard at the beginning of May 2024.

Agreement with Dentsply Sirona not to pursue the application development project further due to changed priorities at Dentsply Sirona.

Hydrocyn aqua received approval from the Central Drugs Standard Control Organization (CDSCO) to start commercialization in India.

Accounting and valuation principles

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. Disclosures in accordance with IAS 34 Interim Reporting are submitted both in notes and elsewhere in the interim report. The parent company's financial statements have been prepared in accordance with the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Accounting and valuation principles are stated in the annual report 2022. The accounting principles are unchanged from previous periods, except for a new assessment model of clients' risk classification, where more clients are assessed individually as a consequence of the change.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may derive revenues and incur expenses, whose operating results are regularly reviewed by the Chief Operating decision maker and for which there is separate financial information. The company's reporting of operating segments is consistent with the internal reporting provided to the Chief Operating decision maker. The Chief Operating decision maker is the function that assesses the operating segment performance and decides how to allocate resources. The company has determined that the Group's executive management constitutes of the Chief Operating decision maker. The company is considered in its entirety to operate within one business segment.

Parent company

During the period, the parent company received interest on its receivables from group companies. No investments were made during the period.

Risk factors

Companies within the Group are exposed to various types of risk through their activities. Bactiguard continually engages in a process of identifying all risks that may arise and assessing how each of these risks shall be managed. The Group is working to create an overall risk management program that focuses on minimizing potential adverse effects on the company's financial results. The company is primarily exposed to market related risks, operational risks and financial risks. A description of these risks can be found on page 52–53 and 66–68 in the Annual Report 2022.

The geopolitical situation and macro trends

In addition to identified risks, the macro situation and its impact is continuously monitored. When the world now opens up after the pandemic, life is expected to return to normal during the year. We still expect minor disruptions also in 2024 due to the pandemic and its effect on global supply. We notice that the pressure on especially raw materials for sutures which has been high during the pandemic has started to decrease.

Bactiguard does not have suppliers in or sales to neither Russia, Belarus, nor Ukraine. However, the global economy is affected by the situation of the war, and we follow developments closely and continuously evaluate the operational and financial effects as the global situation may change and affect the company's financial position.

Bactiguard has a subsidiary in Israel. We are closely following the developments there and our primary focus is to ensure the staff's well-being and security. We make the assessment that the conflict in Israel will have a negligible effect of the group's result and financial position.

Inflation and higher prices on electricity for instance affect the company negatively and it is not always possible to change the price to the customers, all of which can affect the financial position negatively. The high inflation has caused the interest rates to rise, which will negatively impact interest costs. Some countries are now in or close to recession, which can lead to a decreased ability for customers to pay their invoices. The company also has a large exposure to the USD and other currencies, see the Annual Report 2022.

Group consolidated income statement

Amounts in SEK thousand		2023	2022	2023	2022
	Note	Oct-Dec	Oct-Dec	Full year	Full year
Revenues	1				
Net sales		56,252	61,274	201,545	223,560
Other revenues		5,082	10,901	21,628	29,935
Sum		61,335	72,175	223,174	253,495
Change in inventory of finished goods		268	891	1,000	3,890
Capitalized expenses for own account		8	540	563	540
Raw materials and consumables		-15,735	-13,377	-65,572	-47,846
Other external expenses		-21,966	-20,716	-97,854	-83,232
Employee benefits expense		-25,034	-32,344	-123,456	-105,060
Depreciation		-19,549	-12,182	-55,865	-49,240
Other operating expenses		-3,118	-8,286	-13,923	-28,214
Sum		-85,126	-85,475	-355,107	-309,162
Operating profit/loss		-23,791	-13,300	-131,933	-55,667
Profit/loss from financial items					
Financial income		3,497	1,350	13,428	11,513
Financial expenses		-10,739	-4,649	-28,649	-15,700
Sum		-7,242	-3,299	-15,221	-4,188
Profit/loss before tax		-31,033	-16,599	-147,154	-59,855
Current tax		-303	779	-136	-30
Deferred tax		4,118	1,643	8,908	7,009
NET PROFIT/LOSS FOR THE PERIOD		-27,218	-14,177	-138,382	-52,876
Attributable to:					
The parent company's shareholders		-27,218	-14,177	-138,382	-52,876
Earnings per share, before and after dilution, SEK		-0.78	-0.40	-3.95	-1.51

Condensed statement of comprehensive income

Amounts in SEK thousand		2023	2022	2023	2022
	Note	Oct-Dec	Oct-Dec	Full year	Full year
Net profit/loss for the period		-27,218	-14,177	-138,382	-52,876
Other comprehensive income:					
Items that will not be reclassified to profit or loss for the year		-	-	-	-
Items that will be reclassified to profit or loss for the year					
Translation differences		-3,170	-1,348	-4,149	7,135
Other comprehensive income, after tax		-3,170	-1,348	-4,149	7,135
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-30,388	-15,525	-142,531	-45,740
Attributable to:					
The parent company's shareholders		-30,388	-15,525	-142,531	-45,740
Number of shares at the end of period ('000)		35,044	35,044	35,044	35,044
Weighted average number of shares ('000)		35,044	35,044	35,044	35,044

Group condensed statement of financial position

Amounts in SEK thousand	Note	2023-12-31	2022-12-31
ASSETS			
Non-current assets			
Intangible fixed assets			
Goodwill		248,103	250,466
Technology		73,304	98,838
Brand		25,729	25,875
Customer relationships		5,107	6,558
Capitalised development expenditure		2,953	13,568
Patents		1,345	1,315
Sum		356,541	396,620
Tangible assets			
Leased assets		50,426	55,480
Buildings		13,766	15,097
Improvements, leasehold		4,991	5,732
Machinery and other technical facilities		15,583	18,027
Equipment, tools and installations		9,092	5,293
Sum		93,858	99,629
Financial assets			
Other non-current accounts receivable		2,885	1,310
Deferred tax assets		10,763	1,785
Sum		13,648	3,095
Total non-current assets		464,047	499,344
Current assets			
Inventories		29,646	44,367
Accounts receivable		17,249	47,126
Other current receivables	2	8,118	7,285
Prepaid expenses and accrued income		19,898	11,854
Cash and cash equivalents		123,217	197,727
Total current assets		198,127	308,359
TOTAL ASSETS		662,174	807,703
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent			
Share capital		876	876
Translation reserv		-855	3,294
Other contributed capital		930,680	930,680
Retained earnings including net profit for the period		-577,523	-439,141
Sum		353,179	495,709
Total equity		353,179	495,709
Non-current liabilities			
Liabilities to credit institutions		-	179,265
Liabilities leasing agreements		42,306	48,519
Provisions		5,257	-
Total non-current liabilities		47,590	227,784
Current liabilities			
Liabilities to credit institutions		178,569	-
Liabilities leasing agreements		12,224	10,915
Trade payables		16,695	33,821
Provisions		10,256	-
Other current liabilities	2	4,570	6,422
Accrued expenses and deferred income		39,093	33,052
Total current liabilities		261,406	84,210
TOTAL LIABILITIES		308,996	311,994
TOTAL EQUITY AND LIABILITIES		662,174	807,703

Group condensed statement of changes in equity

Amounts in SEK thousand	Equity attributable to shareholders of the parent				
	Share capital	Other contributed capital	Reserves	Retained earnings including net profit for the period	Total equity
Opening balance 2022-01-01	876	930,680	-3,841	-386,265	541,450
<i>Adjustment of equity for previous year</i>					
Net profit/loss for the period				-52,876	-52,876
<i>Other comprehensive income:</i>					
Translation differences			7,135		7,135
Total comprehensive income after tax			7,135	-52,876	-45,741
Closing balance 2022-12-31	876	930,680	3,294	-439,141	495,709
Opening balance 2023-01-01	876	930,680	3,294	-439,141	495,709
Net profit/loss for the period				-138,382	-138,382
<i>Other comprehensive income:</i>					
Translation differences			-4,149		-4,149
Total comprehensive income after tax			-4,149	-138,382	-142,531
Closing balance 2023-12-31	876	930,680	-855	-577,523	353,179

Group condensed statement of cash flows

Amounts in SEK thousand	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Full year	Full year
Net profit/loss for the period	-27,218	-14,178	-138,382	-52,876
Adjustments for depreciation and amortisation and other non-cash items	13,423	15,527	56,775	42,469
Increase/decrease inventory	9,532	-2,191	8,252	-7,936
Increase/decrease accounts receivable	19,600	2,532	28,455	-2,999
Increase/decrease other current receivables	-4,846	128	-10,450	4,948
Increase/decrease accounts payable	-1,657	-357	-17,127	4,113
Increase/decrease other current liabilities	1,275	5,502	20,145	15,343
<i>Cash flow from changes in working capital</i>	<i>23,905</i>	<i>5,614</i>	<i>29,275</i>	<i>13,469</i>
Cash flow from operating activities	10,110	6,963	-52,331	3,062
Investments in intangible assets	0	-1,076	-1,420	-1,076
Investments in tangible assets	-6,041	-2,823	-7,189	-9,842
Cash flow from investing activities	-6,041	-3,898	-8,609	-10,918
Amortisation of lease	-2,806	-4,805	-11,139	-12,809
Amortisation of loan	-696	-303	-696	-900
Change in bank overdraft	-332	38	-	961
Other financing activities	-	208	-	-1,144
Cash flow from financing activities	-3,835	-4,862	-11,835	-13,892
Cash flow for the period	235	-1,797	-72,775	-21,748
Cash and cash equivalents at the beginning of the period	124,415	204,838	197,727	217,587
Exchange difference in cash and cash equivalents	-1,433	-5,314	-1,735	1,888
Cash and cash equivalents at end of period	123,217	197,727	123,217	197,727

Condensed parent company income statement

Amounts in SEK thousand	Note	2023	2022	2023	2022
		Oct-Dec	Oct-Dec	Full year	Full year
Net sales		1,314	2,271	3,062	2,271
Sum		1,314	2,271	3,062	2,271
Other external expenses		-680	-565	-3,176	-2,330
Employee benefits expense		-752	-886	-3,295	-3,325
Sum		-1,432	-1,451	-6,471	-5,655
Operating profit/loss		-118	820	-3,409	-3,384
Interest income and similar profit/loss items		5,599	3,470	19,625	9,520
Interest expenses and similar profit/loss items		-3,267	-2,232	-12,016	-6,986
Sum		2,332	1,238	7,609	2,534
Income after financial items		2,214	2,059	4,200	-850
Deferred tax		10	-	10	-
Net profit/loss for the period		2,224	2,059	4,210	-850

The parent company presents no separate statement of comprehensive income since the company has no items in 2023 or 2022 recognized in other comprehensive income. Net profit/loss for the period for the parent company thereby also constitutes of the comprehensive income for the period.

Condensed parent company balance sheet

Amounts in SEK thousand	Note	2023-12-31	2022-12-31
ASSETS			
<i>Non-current assets</i>			
Financial assets			
Shares in subsidiaries		575,191	481,191
Receivables from group companies		368,803	381,849
Deferred tax assets		15,255	15,255
Sum		959,249	878,296
<i>Current assets</i>			
Current receivables			
Other current receivables		1,639	2,848
Prepaid expenses and accrued income		32,807	13,808
Sum		34,446	16,656
Cash and bank balances		1,811	2,331
Total current assets		1,811	2,331
TOTAL ASSETS		995,506	897,282
EQUITY & LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		876	876
Sum		876	876
<i>Non-restricted equity</i>			
Retained earnings		694,413	695,263
Net profit/loss for the period		4,210	-850
Sum		698,623	694,413
Total equity		699,499	695,289
<i>Non-current liabilities</i>			
Liabilities to credit institutions		-	170,941
Sum		-	170,941
<i>Current liabilities</i>			
Liabilities to credit institutions		170,941	-
Liabilities to group companies		124,000	30,000
Trade payables		86	-6
Other current liabilities		408	721
Accrued expenses and deferred income		572	337
Sum		296,007	31,052
TOTAL LIABILITIES		296,007	201,993
Total equity and liabilities		995,506	897,282

Performance measures

The company presents certain performance measures in the interim report that are not defined in accordance with IFRS (so-called alternative key ratios according to ESMA guidelines). The company believes that these measures provide useful supplementary information to investors and the company's management as they allow for the evaluation of the company's performance. Since not all companies calculate the measures in the same way, these are not always comparable to measures used by other companies. These performance measures should therefore not be considered a substitute for measures as defined under IFRS.

The definitions and tables below describe how the performance measures are calculated. The measures are alternative in accordance with ESMA's guidelines unless otherwise stated.

EBITDA

Shows the company's earning capacity from ongoing operations irrespective of capital structure and tax situation. The key figure is used to facilitate comparisons with other companies in the same industry. Bactiguard considers this performance measure to be the most relevant, since the company's technology is depreciated by large amounts, which does not impact cash flow negatively. Bactiguard's patented, unique technology can be applied to a broad range of products, both in the BPP portfolio and in the licensing business.

The company defines EBITDA as operating profit/loss excluding depreciation and amortization of tangible and intangible assets.

Amounts in SEK thousand	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Full year	Full year
Operating profit/loss	-23,791	-13,300	-131,933	-55,667
Depreciation	19,549	12,182	55,865	49,240
EBITDA	-4,242	-1,118	-76,068	-6,426

EBITDA margin

Shows the company's earning capacity from ongoing operations, irrespective of capital structure and tax situation, in relation to revenues. The key figure is used to facilitate analysis of the company's result in comparison with comparable companies.

Amounts in SEK thousand	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Full year	Full year
EBITDA	-4,242	-1,118	-76,068	-6,426
Revenues	61,335	72,175	223,174	253,495
EBITDA margin %	-6.9	-1.5	-34.1	-2.5

Cash flow from operating activities per share

Cash flow per share calculated as the sum of cash flow from operating activities and cash flow from investing activities divided by the average number of shares outstanding during the period. The key figure is presented because it is used by analysts and other stakeholders to evaluate the company – it shows operating cash flow per share.

Net debt

Net debt is a measure used to describe the group's indebtedness and its ability to repay its debt with cash generated from the group's operating activities if the debts matured today. The company considers this key figure interesting for creditors who want to understand the group's debt situation.

The company defines net debt as interest-bearing liabilities minus cash and cash equivalents at the end of the period.

Amounts in SEK thousand	2023	2022
	Full year	Full year
Non-current liabilities to credit institutions	0	179,265
Current liabilities to credit institutions	178,569	-
Short-term lease debt	42,306	48,519
Long-term lease debt	12,224	10,915
Interest-bearing debt	233,099	238,699
Cash and cash equivalents	-123,217	-197,727
Net debt	109,882	40,972

Equity ratio

Equity ratio is a measure that the company considers important for creditors who want to understand the company's long-term ability to pay. The company defines equity ratio as equity and untaxed reserves (less deferred tax), in relation to the balance sheet total.

Amounts in SEK thousand	2023	2022
	Full year	Full year
Equity	353,178	495,709
Balance sheet total	662,175	807,704
Equity ratio, %	53.3	61.4

Profit/loss from financial items

Financial income minus financial expenses. Direct reconciliation against financial report is possible.

RTM/Rolling 12 months

This performance measure implies the twelve months before and including a certain date.

Note 1 Revenue distribution

Amounts in SEK thousand	2023	2022	2023	2022
	Oct-Dec	Oct-Dec	Full year	Full year
Recurring license revenues	29,544	39,856	104,322	139,443
Non-recurring license revenues	2,639	6,490	12,873	21,960
BPP revenues	24,069	14,928	84,351	62,157
Sum	56,252	61,274	201,546	223,560
Time for revenue recognition				
Performance commitment is met at a certain time	53,613	54,784	188,673	201,600
Performance commitment is met during a period of time	2,639	6,490	12,873	21,960
Sum	56,252	61,274	201,546	223,560

Note 2 Financial assets and liabilities at fair value

The table below shows the breakdown of financial assets and financial liabilities recognized at fair value in the consolidated balance sheet. Distribution of how fair value is determined is based on three levels.

Level 1: according to prices quoted on an active market for the same instrument.

Level 2: based on directly or indirectly observable market data not included in level 1.

Level 3: based on input data that is not observable on the market.

For description of how real values have been calculated, see annual report 2022, note 4. Fair value of financial assets and liabilities is estimated to be substantially consistent with posted values. The group holds derivative instruments for foreign exchange contracts which are recognized at fair value through profit or loss, considering the current exchange rate on the foreign exchange market and the remaining maturity of respective instruments.

Amounts in SEK thousand	2023	2022
	2023-12-31	2022-12-31
	Derivatives (Level 2)	Derivatives (Level 2)
Assets		
Other current receivables	-	-
Liabilities		
Other current liabilities	-	800

Quarterly information

Amounts in SEK thousand	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	RTM 2023
Recurring license revenues	29,544	17,960	19,140	37,678	39,856	36,903	104,322
Non-recurring license revenues	2,639	2,848	5,680	1,706	6,490	5,520	12,873
BPP revenues	24,069	24,649	19,368	16,265	14,928	16,303	84,351
Other revenues	5,083	4,029	7,006	5,511	10,901	7,460	21,629
Total revenue	61,334	49,486	51,194	61,159	72,175	66,185	223,174
EBITDA	-4,242	-9,529	-55,681	-6,617	-1,118	2,535	-76,068
EBITDA margin (%)	-6.9	-19.3	-108.8	-10.8	-1.5	3.8	-34.1
EBIT	-23,791	-21,592	-67,844	-18,707	-13,300	-10,955	-131,933
Net profit/loss for the period	-27,218	-24,602	-64,464	-22,098	-14,178	-8,546	-138,381
Earnings per share, before and after dilution, SEK	-0.78	-0.70	-1.84	-0.63	-0.40	-0.24	-3.95
Operating cash flow	10,110	-35,008	-19,746	-7,687	6,963	9,902	-52,331
Operating cash flow per share, SEK	0.29	-1.00	-0.56	-0.22	0.20	0.28	-1.49
Net debt	109,882	111,533	75,794	55,356	40,972	36,923	109,882
Total shares (pcs)	35,043,885	35,043,885	35,043,885	35,043,885	35,043,885	35,043,885	35,043,885

Forthcoming disclosures of information

11 April 2024	Annual Report 2023
25 April 2024	Interim report 1 January – 31 March 2024
16 July 2024	Half-year report 1 April – 30 June 2024
24 October 2024	Interim report 1 July – 30 September 2024

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Signatories of the report

The Board of Directors and the CEO certify that the interim report, to the best of their knowledge, provides a fair overview of the parent company's and the group's operations, financial position and results and describes the material risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm, 8 February 2024

Christian Kinch
Chairperson

Thomas von Koch
Board Member
CEO

Richard Kuntz
Board Member

Anna Martling
Board Member

Magdalena Persson
Board Member

Jan Ståhlberg
Board Member

This interim report is unaudited.

This information is information that Bactiguard Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above on 8 February 2024, at 08.00 a.m. CET.

This is a translation of the Swedish Year-end report. In the event of any discrepancy, the Swedish version applies.

About Bactiguard

Bactiguard is a global MedTech company that develops antibacterial, biocompatible and safe technology and solutions to prevent medical device related infections across five therapeutic areas – orthopedics, urology, intravascular/critical care, dental, and wound care.

Bactiguard's unique technology is based on a thin noble metal coating that prevents bacterial adhesion and biofilm formation on medical devices. Bactiguard's infection prevention solutions make a positive impact by decreasing patient suffering, saving lives and unburden healthcare resources. They also fight against antimicrobial resistance, one of the most serious threats to global health and modern medicine.

Bactiguard operates through license partnerships with leading global MedTech companies, such as BD and Zimmer Biomet, enabling them to bring medical devices with the company's unique infection prevention technology to the market. Bactiguard also has a portfolio of wound management products and sutures.

Bactiguard is headquartered in Stockholm and listed on Nasdaq Stockholm.

Read more about Bactiguard bactiguard.com

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